

LAW OFFICES

KANTROWITZ, GOLDHAMER & GRAIFMAN, P.C.

747 CHESTNUT RIDGE ROAD - SUITE 200

CHESTNUT RIDGE, NEW YORK 10977-6216

(845) 356-2570

FAX # (845) 356-4335

www.kgglaw.com

NEW JERSEY

210 SUMMIT AVE.

MONTVALE, N.J. 07645

(201) 391-7000

FAX # (201) 307-1086

PAUL B. GOLDHAMER*
BARRY S. KANTROWITZ†*
GARY S. GRAIFMAN*
RANDY J. PERLMUTTER*

WILLIAM T. SCHIFFMAN*
REGINALD H. RUTISHAUSER*
JOHN M. CHAKAN*
MICHAEL L. BRAUNSTEIN*
DANIEL B. SCHWARTZ*

OF COUNSEL

STEVEN B. ROTHSCHILD
JEFFREY P. ORLON, P.A., P.C.

*N.Y. & N.J. BAR
†FLA. BAR

September 17, 2010

Via ECF Filing

Honorable Dora L. Irizarry
U.S. District Court, E.D.N.Y.
225 Cadman Plaza East
Brooklyn, New York 11201

**Re: Spongetech Delivery Systems, Inc. Securities Class Action
Civil Action Number: 10-cv-04093-DLI-JAM (Orlan)
Civil Action Number: 10-cv-04104-DLI-JAM (Le)**

Dear Judge Irizarry:

I am writing with respect to the Spongetech Securities Class Action Litigation which had been pending before Judge Koeltl in the Southern District of New York. My firm was appointed as lead counsel in the case. As Your Honor may know, on August 13, 2010, Judge Koeltl issued an Order to Show Cause, *sua sponte*, to the parties in the within case then pending before him to show cause why the matter should not be transferred to the Eastern District of New York where Your Honor has the matters brought by the Securities and Exchange Commission and by the United States against Spongetech Delivery Systems, Inc. and certain officers and directors.¹

The current status of the cases which have now been transferred is as follows. Judge

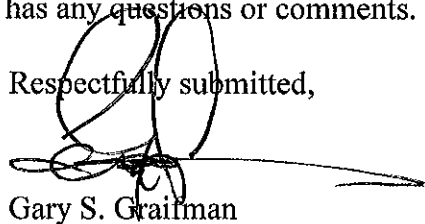
¹ The action against the company itself has, presumably, been stayed as Spongetech has filed for bankruptcy in the Southern District of New York.

Koeltl set a schedule for the Defendants who had not answered or otherwise moved to do so by September 8th. Judge Koeltl asked the parties to work out a schedule for responsive papers. The parties agreed that Plaintiffs' opposition will be due October 18, 2010. In addition, under Judge Koeltl's rules, upon receipt of the motions to dismiss, Plaintiffs would be entitled to one further amendment of the complaint in lieu of answering, if Plaintiffs believed a pleading issue which was curable by repleading was at issue. Defendants have now answered and/or moved in accordance with the schedule agreed upon in the Southern District. Two Defendants Jack Halperin and Frank Lazaurkas, have moved to dismiss. In addition, an order requesting severance of the Defendant Spongetech from the case, in light of its bankruptcy, and proceeding with respect to the remaining Defendants, was submitted to Judge Koeltl.

As a procedural matter, Judge Koeltl had consolidated the two pending cases before him (the *Le* case and the *Orlan* case) into the *Le* case and the consolidated caption was *In re: Spongetech Securities Delivery Systems, Inc. Litig.* For some reason, the cases have been transferred separately to the Eastern District rather than as one consolidated matter. In order to rectify this, I submit a proposed order which again consolidates the cases and revises the caption back to *In re: Spongetech Delivery Systems, Inc. Securities Litigation.*

The parties are available if the Court has any questions or comments.

Respectfully submitted,



Gary S. Graifman

GSG/cdc
cc: All counsel
Encl.